

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Modification of Mail Classification Schedule
For International Commercial Plus Pricing

Docket No. MC2013-44

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF MINOR CLASSIFICATION
CHANGE FOR CERTAIN COMMERCIAL PLUS PRICING CATEGORIES

(April 8, 2013)

The Public Representative hereby provides comments pursuant to Order No. 1689.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service notice concerning a classification change to expand the combination of products included in the generation of the revenue threshold requirement that a mailer must meet in order to qualify for Commercial Plus pricing.²

The existing Mail Classification Schedule requires a mailer pay postage using specifically authorized methods and generate at a minimum \$100,000 annually from any combination of outbound international competitive services of Express Mail International, Global Express Guaranteed, Priority Mail International or First-Class Package International Service (FCPIS) items.³

In its Notice, the Postal Service announced that mail tendered under an Outbound International Negotiated Service Agreement (NSA) will be counted towards the minimum \$100,000 revenue threshold to qualify for the lower Commercial Plus pricing category. Notice at 1. The Postal Service states the disadvantage to its existing NSA customer's inability to receive lower Commercial Plus rates for FCPIS pieces

¹ PRC Order No. 1689, Notice and Order Concerning Minor Classification Change Related to Certain Commercial Plus Pricing Categories, April 2, 2013.

² Notice of the United States Postal Service of Minor Classification Change, March 29, 2013 (Notice).

³ Mail Classification Schedule, 2305.4, 2315.4, 510.3.1.

mailed, as the product has yet to be incorporated in its Outbound International NSA products, as the reason for this minor classification change.

COMMENTS

The Postal Service's Notice is filed pursuant to 39 C.F.R. §§ 3020.90 and 3020.91. Sections 3020.90 and 3020.91 allow the Postal Service to change the Mail Classification Schedule (MCS) if the change does not result in a modification to the market dominant or competitive product list. 39 C.F.R. § 3020.91.

In this proceeding, the Postal Service is providing an unfair advantage to mailers of existing NSA contracts to the detriment of mailers not large enough to negotiate a customized NSA. A mailer under an existing NSA receives a discount on pieces that cannot be mailed under the terms of its existing NSA with the Postal Service by qualifying for lower Commercial Plus rates based on revenue generated from pieces mailed under the instant NSA contract. The minimum revenue criteria eligible for Commercial Plus pricing is automatically satisfied by fulfilling the revenue requirements under the NSA contract as the Postal Service increased the minimum postage requirement to \$200,000 from \$50,000. See Docket Nos. MC2012-4/CP2012-8.

Such incentive is not beneficial to the postal system for two reasons. Firstly, it encourages mailer behavior that would have occurred anyway. Secondly, it is unfair to other mailers not large enough to qualify for the customized rates and services under an NSA but small enough to meet the \$100,000 revenue threshold set to receive lower Commercial Plus pricing.

The Postal Service's Notice satisfies the letter of the filing requirements under sections 3020.90 and 3020.91. However, in this proceeding the Commission should exercise caution in ensuring that there is a fair and level playing field for all mailers.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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